



***raine***

**Enova Design Pty Ltd**

# **Crowd-sourced Funding Offer Document**

**Dated 20 April 2021**

**Offer of fully-paid ordinary shares in  
Enova Design Pty Ltd at \$0.20 per  
share to raise a maximum of \$1,000,000**

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Enova Design Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

**Issuer**

Enova Design Pty Ltd ACN 624 874 951

**Intermediary**

Birchal Financial Services Pty Ltd AFSL 502618

Always consider the general CSF risk warning and offer document before investing.



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# Section 1

# Risk Warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if Raine is successful, the value of your investment and any return on the investment could be reduced if Raine issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by Raine, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.



# Our Mission

Our mission is to create the next great generation of electric vehicles, improving the personal freedom and transport of millions.



## Section 2

# Information about the Company

### 2.1 Letter from the Founders

Dear Investor,

On behalf of the entire team, we are incredibly excited to share with you the opportunity to become a shareholder in Raine and be part of our success in the next generation of personal electric vehicles.

Transport is changing. We started Raine in 2018 to create solutions for personal transport and travel in a world of reducing car use, rapidly rising uptake in electric vehicles, and to make these solutions greatly enjoyable and affordable.

Global electric scooter sales are a \$24 billion AUD business, forecast to become \$53 billion by 2030<sup>1</sup>. We have developed a family of product and technology to lead our position in this market, and have grown at a remarkable rate since inception - with global demand from over 50 countries and production underway.

Everyone at Raine is driven by our mission to improve the personal freedom and transport of millions. We are immensely proud to be developing in Australia, for local and overseas mass-market production.

This equity crowdfund accelerates our growth toward additional products and platform development, team expansion, marketing and sales efforts, and many new customer experiences. We look forward to welcoming you on this journey.



Marc Alexander



James Murphy



Michelle Mannering

<sup>1</sup> <https://www.researchandmarkets.com/reports/4668027/electric-scooters-market-size-share-and-trends>



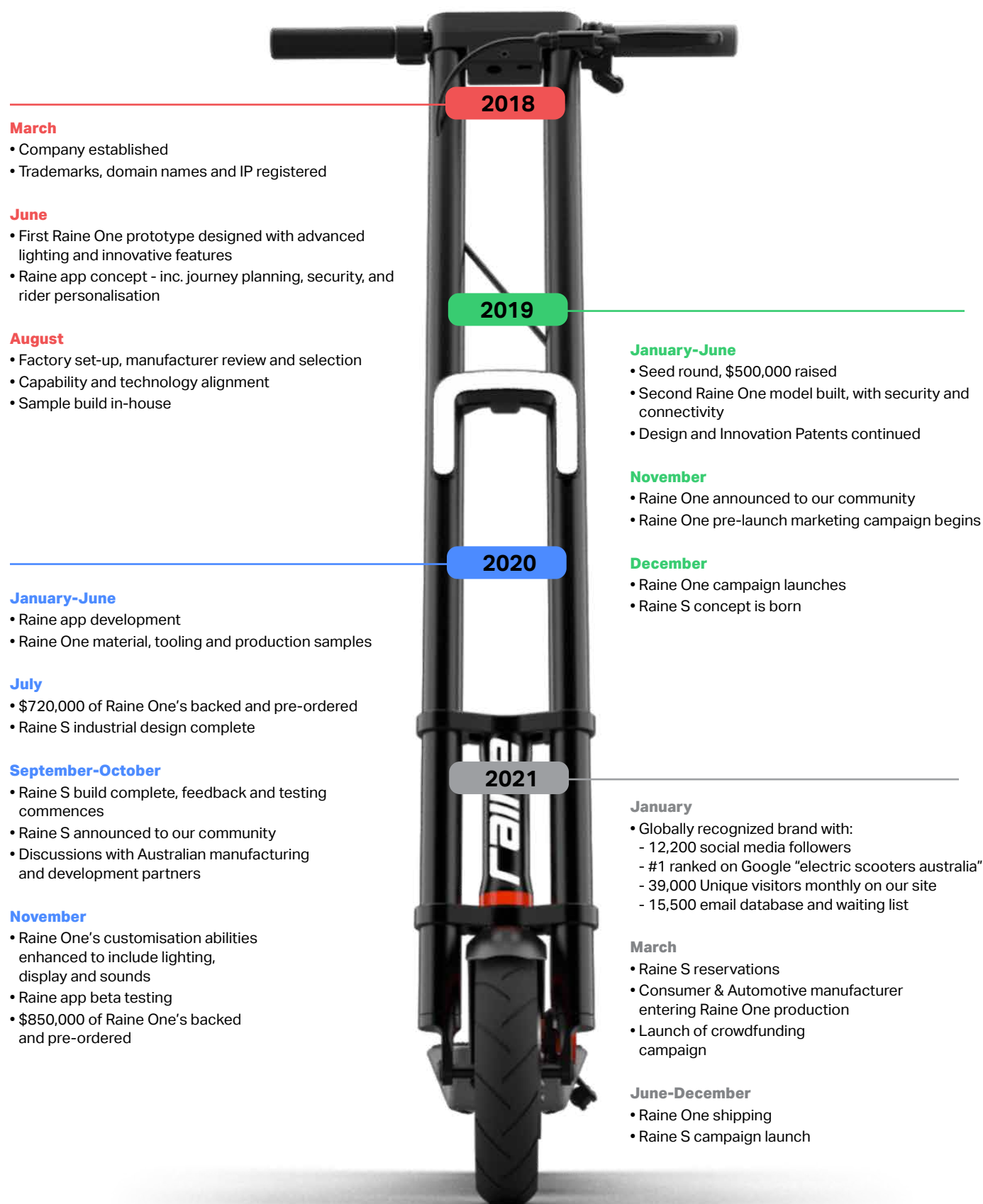
## 2.2 Company Details

This offer of shares is made by Enova Design Pty Ltd ACN 624 874 951 (Company or Raine). Raine was incorporated on 8 March 2018.

<b>Company name</b>	Enova Design Pty Ltd (Raine)
<b>ACN</b>	624 874 951
<b>Offer Type</b>	Crowd-sourced funding
<b>Offer Date</b>	20 April 2021
<b>Registered office</b>	Level 1, 21 Waterloo Road, Collingwood VIC 3066
<b>Principal place of business</b>	Level 1, 21 Waterloo Road, Collingwood VIC 3066



## 2.3 Achievements and Timeline



## 2.4 Description of the business

### 2.4.1 About the Company

We founded Raine to create a great Australian company making the next generation of personal electric vehicles. Raine develops innovative technology and designs, combining performance and safety, vehicle personalisation and ride control in an electric vehicle poised to take advantage of the \$24 billion new business around the world<sup>2</sup>.

Raine is global, receiving pre-orders from 53 countries and with production underway, is ready to scale.

### 2.4.2 Products & Services

Developed as high-quality vehicles, the Raine product family is designed to be the safest, smoothest, and most exhilarating electric scooters in the world.

With this in mind we created the Raine One, developing a product and patents for an outstanding customer experience. Raine has built a strong market and brand start, with more than \$850,000 of the Raine One already pre-sold, and 15,500 customers in our email database and waiting list.

With superior acceleration, road-holding suspension and handling, aircraft-grade materials and safety, the physical aspects of a ride are outstanding. Remarkable function and design style is also most important to us.

The customer experience is further enhanced with lighting and display systems that create a sense of enjoyment and personalisation with the rider.

The Raine app, which accompanies every product, provides an ongoing connection with the riders throughout their day, journeys and personalisation.

#### Intellectual Property & Patents

The company holds Innovation and Design Patents globally including in Australia, US, Asia and the EU. Patents filed include integrated lock and security systems for electric scooters and e-bikes, front and rear lighting systems with colour, personalisation and signalling, plus light, strong dual stem structures. The greater portfolio of Intellectual Property "IP" includes additional domain names and Raine trademarks.

- Patented, built in smart lock and cable.
- Display with navigation, range and time to destination.
- Ride comfort with warm hands and heated grips.
- 360 degree custom colour lighting.
- Electronic anti-lock braking and traction control.
- Full suspension designed for grip and roadholding.
- iOS and Android community app.

#### Raine One



The Raine One is our premium launch product with all features, alongside a high performance battery and motor system. It is a strong development platform for IP and successful product market fit - while reaching many new customers and sales channel interest.

#### Raine S



The Raine S is our higher volume mass market offering. Developed using the Raine One's technology and customer experience, at a commodity price point - the Raine S provides market leading features in this category.

#### Nano



The Raine Nano is planned for young riders, and the large population adult markets where even lower purchase price is a factor, and average riders have a smaller stature.

#### Services



We intend to partner with micro-fleet recurring revenue clients - working on exciting partnerships with hotel chains, universities and other clients that provide annual recurring revenue.

<sup>2</sup> <https://www.researchandmarkets.com/reports/4668027/electric-scooters-market-size-share-and-trends>



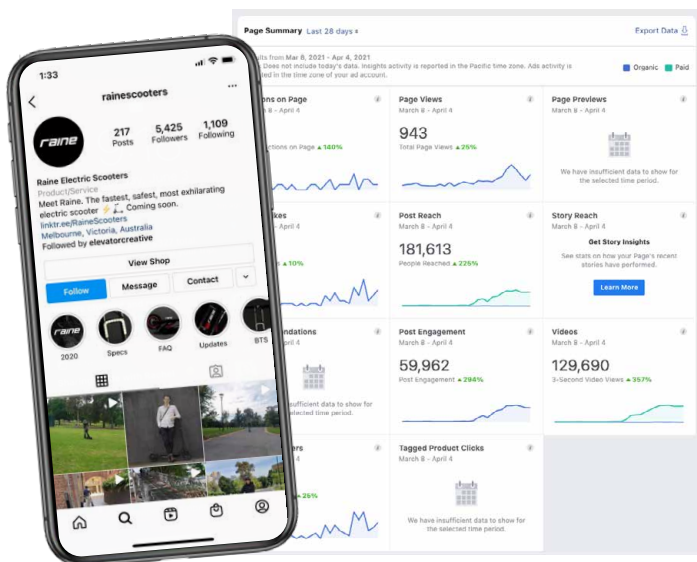
## Section 2 Information about the Company.

### 2.4.3 Marketing & Distribution

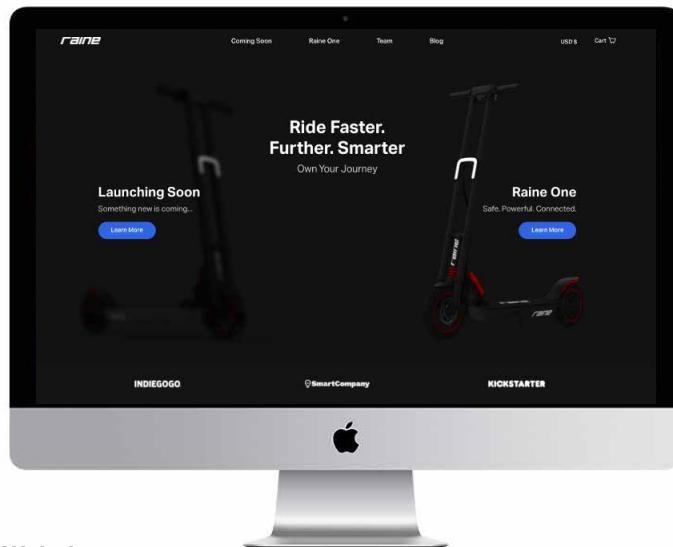
The Raine Team has leveraged their previous success with LIFX, Bajaboard, and other ventures, in marketing directly to consumers and through a network of resellers both nationally and internationally. Valuable relationships at high levels in these channels have already been developed.

Currently, we supply direct to consumers through our own ecommerce store and have seen good success here, with over 30,000 visitors per month. Our strategy is to expand and scale to include major online stores, such as Amazon global, as well as brick and mortar distributors that we have had significant discussions with, including Australia's largest consumer goods retailers and specialist electric transport retailers.

### Social Media



Our utilisation of social media marketing as our primary marketing tool has allowed us to achieve high engagement and growth. Some of the social media marketing strategies that we have employed are targeted ad campaigns, social organic, and community engagement through Facebook Groups. We have also used specialist social media agencies to launch and manage specific campaigns.



### Website

Our website applies a sophisticated design and simplified navigation that informs and engages the visitor. It is optimised for conversion, by offering clear product information and a seamless checkout process.

### SEO & SEM



We invest heavily in search engine marketing and optimisation which results in consistently high levels of organic traffic. To ensure that we are easily found in relevant online searches, we utilise a number of strategies such as original and creative blog posts, Google posts, and keyword applications.

### EDM Direct Mail

Our marketing team regularly sends relevant promotional and newsletter emails to our global 15,000+ opt-in database. Our email direct marketing has consistently high engagement in open and click rates.

### Influencers & Brand Ambassadors

We target key industry influencers to complete product reviews, create publicity for our products, and brand awareness. As we grow, we will continue to use this powerful strategy across different channels, focusing on Youtube, Instagram and TikTok.

## Section 2 Information about the Company.

### Media - Print & TV



Raine has already become high profile in the media, stemming from the experience and previous successes of our founders collaborating on this new venture. With numerous articles covering the innovation of our products and the success of our campaigns, the traction we have received from the media has been positive and effective.

### Retailers - Online & Catalogues

We look forward to working with online retailers and distributors and the marketing opportunities that come with this. We will take advantage of the publicity our brand and products will receive from collaborating with large retailers, using their platforms and marketing media.

### Public Speaking Events



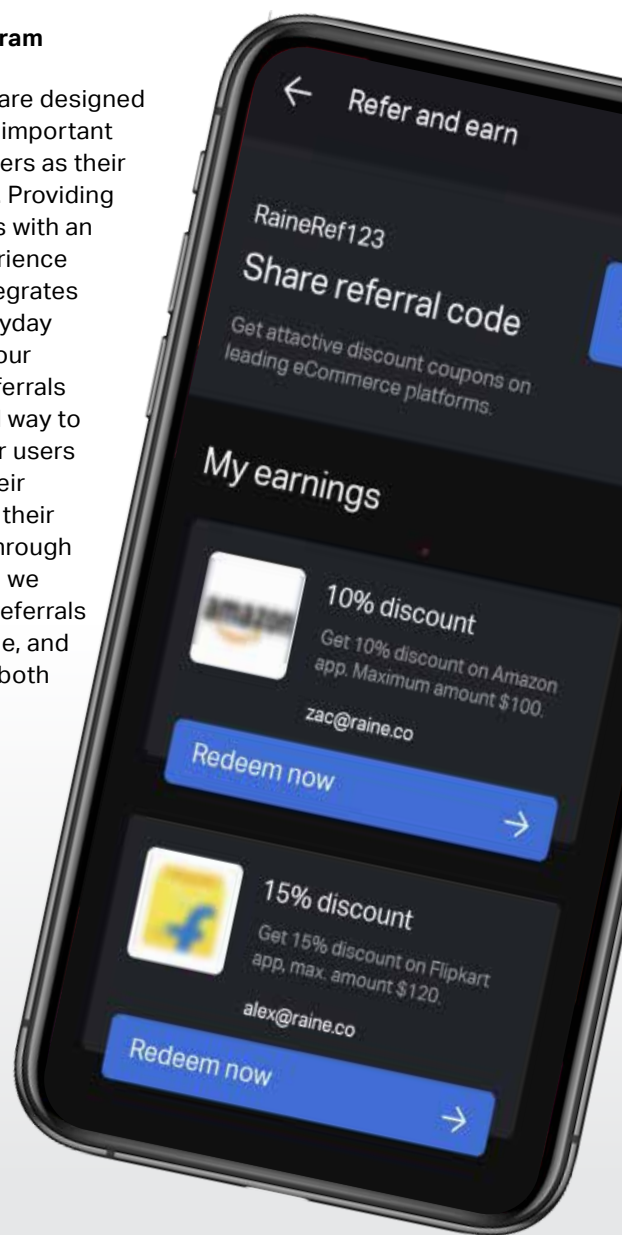
Raine is consistently invited to speak at events, such as innovation talks and business technology expos. We have participated in these events in the past and will continue to do so in order to advocate for the next generation of electric scooters and place our products at the centre.

### Try-ride Days

We will be running a nationwide event that features our scooters in high-traffic city locations, University campuses, and special events. These events will present sensory, emotional, and cognitive experiences to consumers, creating lasting bonds between our brand and the customer. Consumers will be encouraged to promote our products through their own social media platforms and be incentivized to continue the relationship with our brand.

### Referral Program

Our products are designed to become as important to our customers as their keys or wallet. Providing our customers with an amazing experience that easily integrates into their everyday lives through our Raine app. Referrals are a powerful way to encourage our users to promote their experience to their loved ones. Through the Raine app, we plan to make referrals easy, shareable, and rewarding for both parties.



## Section 2 Information about the Company.

### 2.4.4 Market & Competitive Advantage

Electric transport is changing the way we travel around the world. Many journeys are shorter, cleaner, more enjoyable and at a far lower cost per trip.

A remarkable new global market is booming for small electric vehicles, and the growth has just begun.

The electric scooter market size is currently \$24 billion and is expected to grow to \$32 billion by 2025, \$53 billion by 2030<sup>3</sup>.

As an early market leader, we expect to achieve high growth across this rising addressable market, with Western markets leading to high percentage growth and Asian markets giving high volume. Post-Covid-19, transportation solutions such as those offered by Raine are even more important.

Raine's competitive advantage lies in superior designs and IP that offer heightened safety, security and performance, and a connected community through the app platform.

The start-up industry of electric bicycle and scooter ride-sharing services has been a positive influence for our market and category awareness - we are positioned to be the vehicle for many customers to own - the best on the market once they have experienced riding one.

Electric scooters are a remarkable solution that almost anyone can ride, and with a strong market uptake seen across the world, Raine aims to dominate our premium segment and the market's global growth.

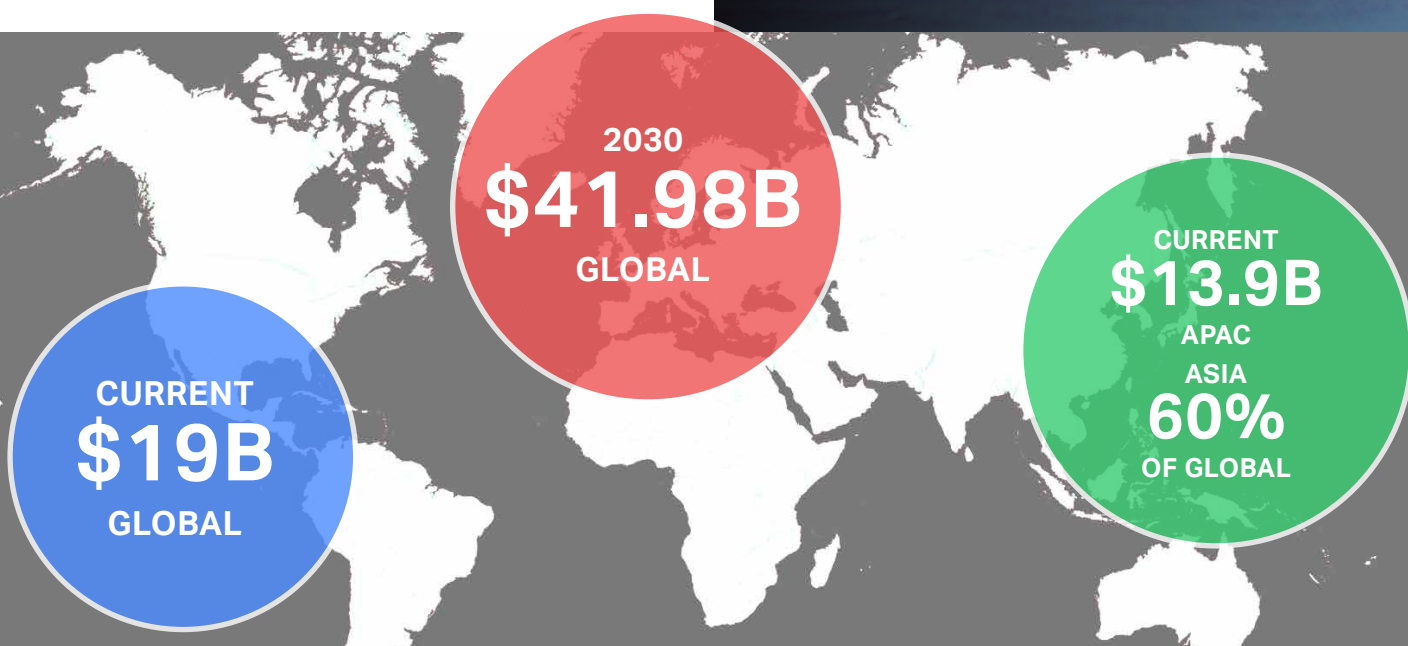
**Western  
markets**   
= high  
percentage  
growth

**Asian  
markets**   
= high  
volume

**In a growing  
market**

**Growth driven by:**

- Rapid urbanisation
- Environment
- Younger buyers
- Last mile choice
- Localization



<sup>3</sup> <https://www.researchandmarkets.com/reports/4668027/electric-scooters-market-size-share-and-trends>



## 2.5 Business and Revenue model

Raine has begun to generate significant revenue through our direct sales model and in the near future, we will embark on a sales strategy to include a reseller channel network - via established national retailers and more targeted e-scooter and e-bike retailers. The latter channel will also provide a service and maintenance network for users.

We have been thrilled with the interest we have received from significant discussions with physical and online retailers in Australia and worldwide. We are also working on exciting partnerships with hotel chains, universities and other clients that provide annual recurring revenue.

### In summary, Raine expects the following range of revenue streams:

- Direct, online sales
- Physical and online retailers
- Annual recurring revenue from fleets
- IP licencing with selected clients

### We have two products launched to date:

- The Raine One. Premium, high performance, new IP.
- The Raine S. Mass market, new features, new IP.

The funds raised will be used to accelerate product roadmap and platform development, expand our team, increase marketing and sales efforts, and reach our goal of adding Made in Australia to our overseas production.

Since launching in December 2019 we have commenced production on our first model, the Raine One, shipping this year. The campaign for our second and mass market model, the Raine S, will launch later this year.

Raine expects to become one of the distinctive name brands in this new category, leveraging our patents and IP into a family of products.

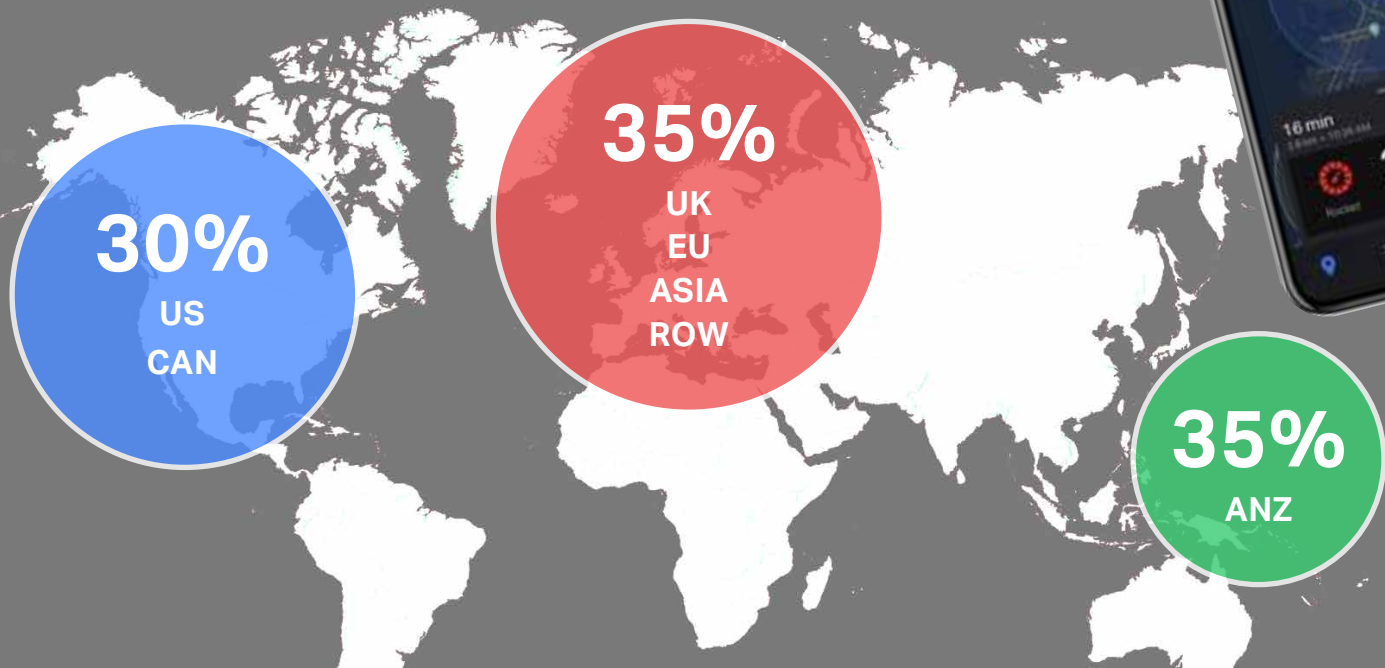
Test and demonstration ride advocates delivered by events and customer's direct referrals from the platform generate an additional network effect of sales and brand exposure both physically and online.

Beyond these revenue streams, we are designing and marketing a range of premium Raine accessories which include gloves, helmets and neckwear.

Our exceptional focus on innovation and experience has allowed us to reach more customers and create a buzz in the industry. We expect that this, along with our connections and proven traction, will lead to recurring and sustainable revenues for the company, helping us reach our goal of becoming the market leader in electric transport globally.

### Customer split 2020 and Year to Date

53 countries reached in pre-sales



2.6 Business Strategy

Raine is unashamedly creating a premium market brand where none currently exists in a market set for high growth. We set out to build the best experience in ownership and ride quality and first tested this proposition with our backer and pre-sales campaign to determine if there was a demand. With the immediate success of this, we know we are on the right path.

By designing and specifying only quality, durable and aesthetic components, we ensure that all Raine products should result in low service and maintenance costs and promote high user satisfaction, leading to brand loyalty and positive market sentiment.

We realise that for many riders, their first experience will be a cheaper mass-market product or a clunky rideshare unit. While both will initially excite, they will ultimately disappoint their users who will then seek a better experience in Raine.

Carving out a market position at this top end of the scale will allow us to command a premium, leading to more profit and less competition.

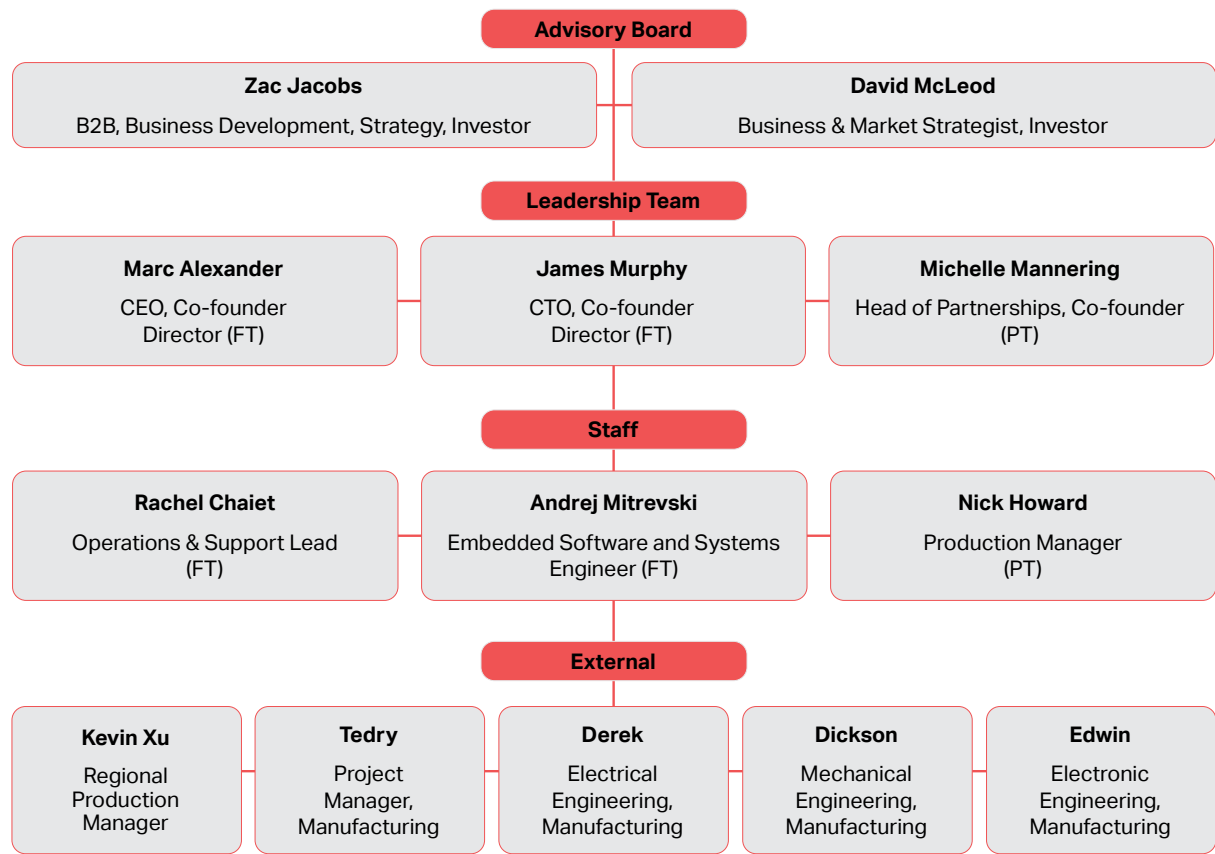
The natural progression from here will be to expand into other forms of electric personal transport, potentially including e-bikes and beyond.

As a business, we intend to expand assertively with the funding we attract in order to cement and defend our position.

Our management and advisory team already have a track record in achieving this and intend to do so again.

- **Traction**
- **Product-market fit**
- **High quality**
- **Customer exposure**
- **Expanding market size**
- **Premium and mass-market positioning**
- **Expansion**
- **Ambition to pursue ASX listing**
- **Alignment with technology companies**

2.7 Organisational Structure



## 2.8 Capital Structure

Table 1. Issued capital of the Company before the Offer

Shareholder	Number of Shares	Number of Options	% Shares / Options *	Type
<b>M&amp;M Alexander Trust</b> *Marc Alexander	16,519,500		33.04%	Ordinary Shares
<b>J Murphy Trust</b> *James Murphy	16,519,500		33.04%	Ordinary Shares
<b>Huskie Woofenstein Pty Ltd ACN 621 446 875 ATF Mishmanners Trust</b> *Michelle Mannering	3,671,000		7.34%	Ordinary Shares
<b>Share Option Plan</b>		2,499,951	5.00%	Options
<b>Blackbird Ventures 2018, LP</b>	9,816,254		19.60%	Preference Shares
<b>Superzani Pty Ltd ACN 616 093 611 ATF the Jacobs Superannuation Fund</b> *Zac Jacobs	491,914		0.99%	Preference Shares
<b>David Charles McLeod and Michelle Jane McLeod ATF McLeod Superannuation Fund</b> *David McLeod	491,914		0.99%	Preference Shares
<b>Total</b>	<b>47,510,082</b>	<b>2,499,951</b>	<b>100%</b>	<b>50,010,033</b>

\* The percentages listed are on a fully diluted basis

Table 2 sets out the issued capital of Raine following the Offer on an undiluted and fully diluted basis (i.e. presuming all options are exercised).

Table 2. Issued capital of the Company following the Offer

Shares	Minimum Subscription	Maximum Subscription
	Fully Diluted	Fully Diluted
<b>Existing Shares</b>	50,010,033	50,010,033
<b>Offer Shares</b>	1,250,000	5,000,000
<b>TOTAL SHARES ON ISSUE</b>	<b>51,260,033</b>	<b>55,010,033</b>

### Simple Agreement for Future Equity ("SAFE")

The Company has received investment under Simple Agreements for Future Equity (SAFEs) - a commonly used equity instrument, totaling \$750,000 in the 2021 financial year. Under the agreements, SAFE holders are either issued shares (based on a predetermined valuation cap or a discount to the prevailing fair value, at the time of a future equity financing). Or in a liquidity event, such as an Initial Public Offering (IPO), share sale or business sale, SAFE holders have the option to redeem their investment in shares or cash (subject to sufficient funds). The general terms of the SAFE agreement are:

- \$10,000,000 valuation cap, the minimum valuation used for the future conversion of the SAFE investment to future equity
- 15% discount
- A qualifying round of \$2,000,000, the minimum future capital raising event or series of events for the SAFE conversion

While the SAFE does not currently convert, for future dilutive effect guidance at an \$11M valuation the SAFE would convert to approximately 8% of equity, and at a \$20M valuation the SAFE would convert to approximately 4.4% of equity.



### **2.8.1 Rights and liabilities associated with securities**

As at the date of this Offer, the Company has ordinary shares, preference shares, SAFE notes and ESOP options on issue. There is no shareholders agreement between the existing shareholders and as such, the rights and liabilities associated with the shares are as set out in the Company's Constitution.

Under the Constitution, the Directors have the discretion to refuse a transfer of shares to a third party. A more detailed description of the rights and liabilities associated with the shares is set out in Section 3.3 below. A copy of the Company's Constitution is available on the Intermediary's platform.

#### **Seed Preference Shares**

Seed Preference Shares have the same rights as the rights attaching to Ordinary Shares, except that Seed Preference Shares have a preferential right to receive dividends (only if and when dividends are declared by the directors) and a preferential right on the return of capital at a liquidation event. Seed Preference Shares are convertible into ordinary shares on a 1:1 basis, subject to an anti-dilution adjustment in the event the Company does a down-round.

#### **Ordinary Shares**

Immediately after issue and allotment, the shares offered under this Offer Document will be fully paid ordinary shares which rank equally with the ordinary shares currently on issue in the Company. Ordinary shares have voting rights (one vote for each share held), rights to attend shareholder meetings, and rights to receive dividends and participate in the distribution of proceeds on the winding up of the Company.

#### **Simple Agreement for Future Equity (SAFE)**

The Company has previously received investment under Simple Agreements for Future Equity (SAFEs). Under the terms of the SAFEs, the investment amounts are convertible into shares in the Company upon the Company undertaking an equity capital raise which raises \$2,000,000 or more, or upon an exit event. The SAFEs will convert at either a discount to market price if the future valuation is over \$10,000,000, or based on a valuation cap of \$10,000,000 (whichever is the lower share price).

#### **Options**

The Company has established an employee incentive plan (ESOP) in order to provide certain employees and contractors with an opportunity to share in the growth in value of the shares. This encourages them to improve the performance of the Company's return to shareholders, and enables the Company to retain and attract skilled and experienced employees.

Under the Company's constitution, the directors may issue options to eligible service providers that results in the issue of up to 5% of the fully diluted share capital of the Company as at the date of the constitution's adoption. This effectively means the Company may issue up to 2,499,951 options which may be exercised into ordinary shares on the terms and conditions of the ESOP. The Company may choose to increase the approved ESOP in the future to allow the directors to issue more than 2,499,951 options if the Company decides this is in the best interests of the Company.



## Section 2 Information about the Company.

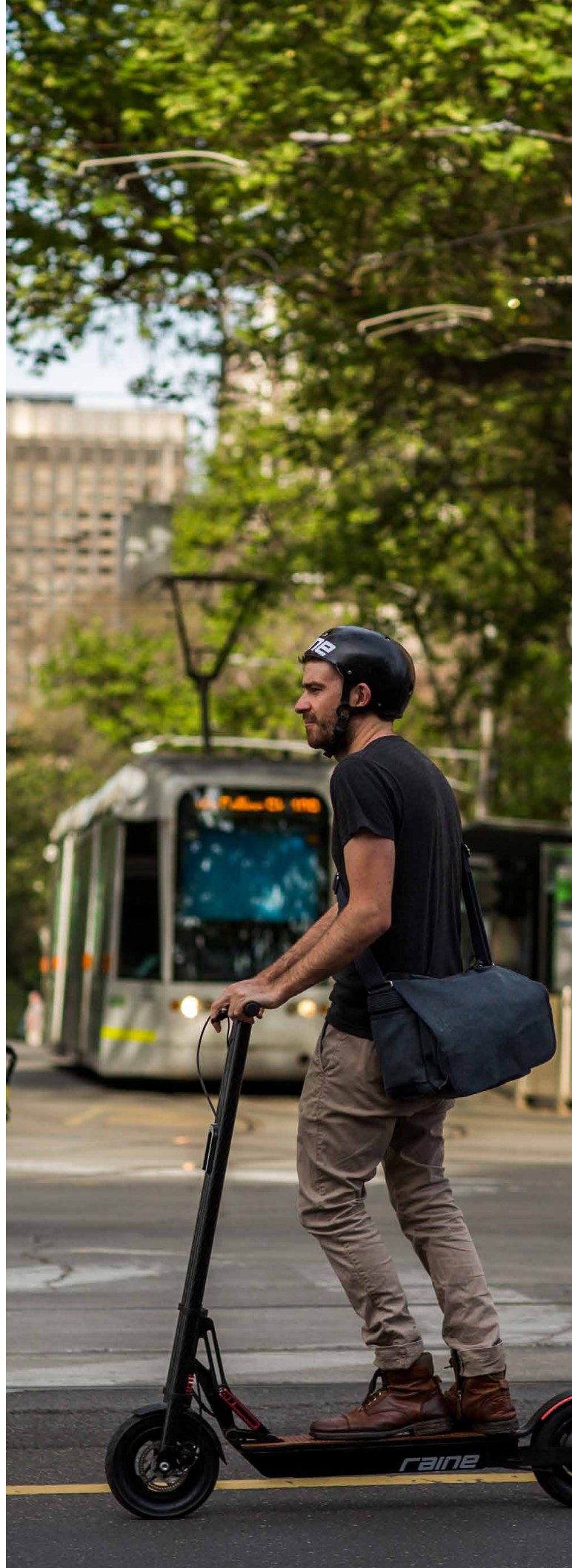
### 2.8.2 Sources of financing, including debt financing and other financing

To date, Raine's activities have been historically funded through equity investments and no-interest loans from its founder. As of the date of this CSF offer document, Marc Alexander has invested \$40,386 into Enova Design Pty Ltd. Raine has an outstanding loan to the founder of \$40,386. None of the funds raised under the offer will be used to pay back this loan. Raine has no other loan obligations. Other sources of financing include the below.

#### Grants

To date, the Company has submitted a claim for up to \$135,000 (net of fees) in Export Marketing and Development grants.

The Company has submitted a claim for \$75,515 (net of fees) under the Federal Government's R&D tax incentive scheme relating to its financial year ending 30 June 2020. The business intends to submit a second claim for the financial year ending 30 June 2021.





## **2.9 Directors and Senior Managers**

Raine has a strong leadership team that is experienced in building and scaling international businesses in high-growth environments. We understand what it takes to build the right infrastructure to be well-positioned ahead of major market growth. Our management and advisory team have successfully built and exited several businesses from the ground up and led them through these successful stages.



**Marc Alexander**  
CEO

Marc is a highly driven business and technology leader in consumer electronics and connected products. His diverse background includes engineering, product development, marketing and business management. His global experience includes positions at some of the world's biggest tech companies, such as Apple, University of Melbourne, General Magic, GDT Softworks, and Techlynx. He has founded and co-founded successful companies such as Advanced Engine Management, LIFX and Raine.

As co-founder and CEO of LIFX, Marc led to double year over year growth for 4 consecutive years to \$38M in revenue, with two million products sold at 1 million monthly active users. Marc's specialities include company management, cultivating great teams, focused product design, development and release, user base growth and digital marketing, technology partnerships, new opportunities in platform development and architecture in consumer electronics, home, wireless, and automotive.



**James Murphy**  
CTO

James is an accomplished mechanical engineer, industrial designer, and start-up founder. James began his career in 2008 as a Designer at Jott Engineering, an engineering consultancy firm, going on to work as Design Engineer for Applied Automation and Engineering in 2011. James went on to invent and co-found the Bajaboard, an all-terrain electric skateboard designed initially for off-road mayhem, then pivoting towards a general commuting solution. James develops the Raine scooter as a fun, innovative and stylish way to get around town. With a background as a mechanical designer, James has brought his unwavering passion for innovation, design, and a focus on rider experience to Raine.



**Michelle Mannering**  
Head of Partnerships, Community

Michelle's passion is driving entrepreneurial culture and pioneering Melbourne's esports industry. Her extensive experience includes community management, content creation, public speaking, entrepreneurship, and brand ambassador. Michelle has founded several tech companies and, as a result, sits at the forefront of Melbourne's science, tech, esports and startup scenes. Michelle has been Github's Developer Community Manager since 2019, where she cultivates the Github community where millions of people learn, share, and work together to build software.



## Advisors



### **Zac Jacobs**

B2B, Business Development, Strategy, Investor.

Zac brings his 25+ years in international sales and marketing in the tech industry, working in Sydney, Singapore, Tokyo, and San Francisco. Zac has an extensive background in consumer & enterprise app development, growth markets, commercial partnerships, M&A and public listings. In 2008 Zac co-founded Paladin Private Equity, which invests in technology startups that innovate to improve society. As a prominent tech entrepreneur and investor, his current portfolio includes Halaxy (healthtech), Humense (VR), GMDX (Biotech), PulseID (Geolocation), Seera (HR tech) and Raine. He also advises IoT pioneers such as Buddy & LIFX, where he is also VP of Global Commercial Partnerships, and assisting Raine achieve global growth.



### **David McLeod**

Business & Market Strategist, Investor.

David is a seasoned executive whose background includes business development, sales, cloud and enterprise. Since 2017 David has been an investor in XY Sense, and the VP of Business Development since 2019. David's passion for start-ups that make a difference led him to found the app Gotya in 2017, which provides services to families who want to help their loved ones. David's extensive experience also includes high-level positions at companies such as Nortel Networks, Cisco Systems, NexTone, Area Systems, LockBox, Arista Networks, and Emprevo.



### **Nick Howard**

Manufacturing & Global Supply Chain Expert.

Nick's 12 years of experience ranges over a number of industries, including international design, development, engineering, manufacturing and distribution, has enabled him to build an extensive knowledge in Concept Development and Strategic Manufacturing. Having held positions such as Product Development Manager at Buzz Products, Managing Director at NDH Consultants, and Founder and CEO at Hark Industries, Nick has gained invaluable knowledge and insights from working closely with global manufacturing leaders and some of the largest global brands. His current and existing projects include smart IoT refrigeration systems, connected marketing products for major events and experiential activation, connected medical dispensing systems, connected airline check-in system, bag tag tracking system and custom tablet solution for in-flight systems.

## 2.10 Risks Facing the Business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with Enova Design Pty Ltd (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Risk	Description
<b>Cash flow</b>	The Company's operating activities involve a series of cash inflows and outflows. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, future prospects, and its ability to meet its business objectives.
<b>Funding</b>	<p>The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives.</p> <p>The Company may also need to raise additional funds in the future from investors or third parties. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available.</p>
<b>Competition</b>	The Company operates in a market subject to competition and moderate barriers to entry that could give rise to new and unknown competitors. If the Company is unable to successfully compete with existing and/or new competitors, this would have a negative impact on the revenue, profitability and future prospects of the business.
<b>Key Personnel</b>	As an early-stage business, the Company is susceptible to the loss of key team members as they are considered critical to the continued success of the Company. If a key team member was lost, due to illness, for example, this could significantly affect the Company's ability to continue its operations or achieve its business objectives as the case may be.

## Section 2 Information about the Company.

<b>General Industry</b>	There is a risk that incidents beyond the control of the Company could occur, which would have the effect of reducing distribution sales channels or confidence in the Company or preferences for electric transport products generally. This reputational risk could result from incidents involving the Company, market partners or other non-related industry participants. The Company's business is exposed to changes in general global economic conditions which may affect its financial performance and operating performance and the price of the shares.
<b>Technology</b>	The Company uses a number of sales, marketing and member communication technology solutions. Despite the Company's measures to effectively manage these systems and risks, if any of these technologies were to fail without notice, it could interrupt the Company's ability to sell or communicate with customers, which could have a direct impact on revenue and profitability.
<b>Product &amp; Safety</b>	The Company uses a manufacturing and supply chain with an effective reputation in electric vehicle, consumer and automotive product manufacturing and quality testing. While the Company is aware of this risk and operates with a local quality and production manager, if the Company or supply chain does not maintain consistent levels of quality, product safety, reliability and service in its offering, the Company's brand and reputation may be negatively affected.
<b>Regulatory &amp; Legal</b>	Political, taxation, economic, legislative or regulatory change in Australia or in other countries where the Company operates may have an adverse effect on the company's operations. This could include any changes to vehicle, scooter and bicycle regulations, international trade agreements or import and export regulations.
<b>Intellectual property</b>	The Company has registered intellectual property in key market regions. If the Company identifies additional markets to move into but for whatever reason is unable to register the Intellectual Property for that region, the Company's ability to commercialise its products in that new market may be limited. The Company currently holds IP protection for the Australian, US, selected Asia and European markets, which are believed to be the largest markets for the products at this time.



## 2.11 Financial Information

All information in this section has been adopted by the Directors and should be read in conjunction with the risk factors included in section 2.10 and other information contained in the Offer Document. Below are the Company financial statements for the financial year ended 30 June 2020 & the financial year ended 30 June 2019, which have been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards.

### 2.11.1 Balance sheet

Balance Sheet	30 June 2020	30 June 2019
	\$	\$
<b>Current Assets</b>		
Bank AUD Account	138,031	525,394
Bank USD Account	287,731	0
Loan - James Murphy	1,500	1,500
Loan - Huskie Woofenstein Pty Ltd (Michelle)	1,000	1,000
GST Refundable	0	2,497
<b>Total Current Assets</b>	<b>428,262</b>	<b>530,391</b>
<b>Non-Current Assets</b>		
Trademarks	2,560	750
Patents	51,113	4,545
Provision for Income Tax	79,925	0
Total Non-Current Assets	133,598	5,295
<b>Total Assets</b>	<b>561,860</b>	<b>535,686</b>
<b>Current Liabilities</b>		
Loan - Marc Alexander	40,386	40,386
GST Refundable	10,682	0
Total Current Liabilities	51,068	40,386
<b>Total Liabilities</b>	<b>51,068</b>	<b>40,386</b>
<b>Net Assets</b>	<b>510,792</b>	<b>495,300</b>
<b>Equity</b>		
Issued Capital - Ordinary Shares	10,000	10,000
Issued Capital - Preference Shares	550,038	525,038
Retained Earnings	(49,244)	(39,737)
<b>Total Equity</b>	<b>510,794</b>	<b>495,301</b>

## Section 2 Information about the Company.

### 2.11.2 Profit and loss statement

Profit and Loss Statement	30 June 2020	30 June 2019
	\$	\$
<b>Sales</b>		
Sales	0	909
Presales	722,976	0
	<b>722,976</b>	<b>909</b>

<b>Operating Expenses</b>		
Accountancy Fees	2,400	0
Advertising, Marketing & Contract Labour	521,760	14,621
Bank Charges	3,212	167
Bookkeeping	3,400	0
Consultants	5,507	0
General Expenses	2,450	4,072
Legal Expenses	29,156	0
Research & Development Costs	134,669	3,994
Salaries & Wages	41,486	0
Subscriptions & Software	15,849	801
Travel Expenses	5,817	1,517
Website, Development & Domain Costs	61,951	0
	<b>827,657</b>	<b>25,172</b>

<b>Other Income</b>		
Foreign Currency Exchange	9,249	0
Other Income	6,000	0
	<b>15,249</b>	<b>0</b>

<b>Net Profit(Loss)</b>	<b>(89,432)</b>	<b>(24,263)</b>
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<b>Appropriation Statement</b>		
Loss Before Income Tax	(89,432)	(24,263)
Income Tax Expense   R&D Incentive	79,925	0
<b>Loss After Income Tax</b>	<b>(9,507)</b>	<b>(24,263)</b>

Retained Earnings (Accumulated Losses) at the beginning of the Financial Year	(39,737)	(15,474)
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<b>Retained Earnings (Accumulated Losses) at the end of the Financial Year</b>	<b>(49,244)</b>	<b>(39,737)</b>
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## Section 2 Information about the Company.

### 2020 Financials Commentary

The 2020 Financial Statements have been prepared on a cash basis, which recognises all funds collected and all funds paid for the period as shown.

Presales collected and banked totalled \$722,976 for the 2020 Financial Year. Presales means that although the Company has been paid for the product in full, the costs to deliver the product have not been incurred at that time. Presales have been collected and banked after 30 June 2020 to contribute to the \$850,000 total.

The costs to be incurred in completing the presales product are estimated to be approximately \$442,000. The above must be considered in evaluating the profit of the company for the year ended 30 June 2020 and costs to be incurred in the 2021 Financial Year.

### 2021 Investment

\$750,000 of investment subscription as a Simple Agreement for Future Equity (SAFE) has been received by the company since the end of the 2020 financial year.

#### 2.11.3 Cash flow statement

Statement of Cash Flows	30 June 2020	30 June 2019
	\$	\$
<b>Cash Flow from Operating Activities</b>		
Receipts from customers	722,976	909
Payments to suppliers and employees	(828,011)	(25,173)
Other income	15,249	0
Income tax (paid) refunded	0	11,492
GST (remitted to) refunded from Australian Taxation Office (ATO)	13,532	(1,549)
<b>Net cash provided by (used in) operating activities</b>	<b>(76,254)</b>	<b>(14,321)</b>
<b>Cash Flow from Investing Activities</b>		
Payments for property, plant and equipment and intangibles	(48,378)	(5,295)
Payments to suppliers and employees	0	18,072
<b>Net cash provided by (used in) operating activities</b>	<b>(48,378)</b>	<b>12,777</b>
<b>Cash Flow from Financing Activities</b>		
Payment of share issue	25,000	525,038
<b>Net cash provided by (used in) financing activities</b>	<b>25,000</b>	<b>525,038</b>
Net increase (decrease) in cash held	(99,632)	523,494
Cash at beginning of year	525,394	1,900
<b>Cash at end of year</b>	<b>425,762</b>	<b>523,494</b>



## Section 2 Information about the Company.

### 2.11.4 Statement of changes in equity

Statement of Changes in Equity For the year ended 30 June 2020	Issued Capital Ordinary	Retained Earnings (Accumulated Losses)	Total
	\$	\$	\$
<b>Balance at 30 June 2018</b>	<b>10,000</b>	<b>(15,474)</b>	<b>(5,474)</b>
Profit attributable to members	0	(24,264)	(24,264)
Dividends Paid or provided for	0	0	0
Total other comprehensive income for the year	0	0	0
Payment of share issue costs	525,038	0	525,038
<b>Balance at 30 June 2019</b>	<b>535,038</b>	<b>(39,738)</b>	<b>495,300</b>
Profit attributable to members	0	(9,862)	(9,862)
Dividends Paid or provided for	0	0	0
Total other comprehensive income for the year	0	0	0
Payment of share issue costs	25,000	0	25,000
<b>Balance at 30 June 2020</b>	<b>560,038</b>	<b>(49,600)</b>	<b>510,438</b>

## 2.12 Business Outlook

### Prospective financial information

Comments on the future performance and outlook of Raine are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled.

Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This performance outlook has been prepared by Raine and has not been validated by an independent third party.

### Key Assumptions

The forecasted phasing and business focus areas are based on key assumptions about the timing, resourcing and costs associated with the delivery of Raine's products and services.

The overarching key assumptions are:

- Successful Offer fundraise
- Retention of Directors and Senior Managers
- Recruitment of additional hires
- Successful product release
- No new regulatory or compliance requirements
- Minimal disruption in production and supply chain

### Approach

Raine has seen great success since our seed raise, making the most of funds to get where we are today. Following the successful completion of this raise, the funds will be used for additional product development, marketing, team expansion, Australian production setup for AU, NZ and selected US markets to add to our current global production, and additional inventory. This will help us reach our goal of becoming a global leader in electric transport.

Raine is currently focused on completing the production and testing of its launch product. Raine expects to release the product to the public in 2021. Once the first phase is complete, Raine will transition to focusing on growth, revenue and achieving profitability whilst continuing to enhance our product family.

### High-Level Phases and Plan

Time from Offer fundraise	3 months	6 months	9 months	12 months	18 months
<b>Business focus</b>	Ramp up marketing.  Testing and first model product release.	Team expansion.  Second model product launch.  Additional inventory.	Supply to various channels and distributors.  Connected services, Apps, Hotels and Fleet.  Community outreach, events and engagement.	Further product development and launch, scaling and increasing market segment.  Australian production set up.	Additional models product launch.  Map out go-to-market plan for other product categories.



## Section 3

# Information about the Offer

### 3.1 Terms of the Offer

Enova Design Pty Ltd is offering up to 5,000,000 shares at an issue price of \$0.20 per share to raise up to \$1,000,000. The key terms and conditions of the Offer are set out below.

Term	Details
Shares	Fully-paid ordinary shares
Price	\$0.20 per share
Minimum Subscription	\$250,000
Maximum Subscription	\$1,000,000
Opening date	20 April 2021
Closing date	13 May 2021

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at [www.birchal.com/company/raine](http://www.birchal.com/company/raine).

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.



## 3.2 Use of Funds

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

**Table 8. Intended Use of Funds**

Intended Use	Minimum Subscription	Maximum Subscription
Additional Product Development	\$82,500	\$240,000
Marketing	\$45,000	\$200,000
Team Expansion	-	\$200,000
Australian Production Setup	\$50,000	\$110,000
Additional Inventory	\$54,700	\$187,200
Birchal Fees	\$17,800	\$62,800
<b>Total</b>	<b>\$250,000</b>	<b>\$1,000,000</b>

The Offer costs include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchal Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

## 3.3 Rights Associated with the Shares

Immediately after issue, the shares will be fully paid ordinary shares. There will be no liability on the part of shareholders and the shares will rank equally with the ordinary shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. These rights are described below. A copy of the constitution is available on the Intermediary's platform.

### 3.3.1 Voting Rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

### 3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

### 3.3.3 General Meetings and Notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

### 3.3.4 Election and Removal of Directors

In accordance with the Company's constitution:

- the founders may appoint between one and three directors depending on the number of shares they hold;
- shareholders who hold a majority of the Seed Preference Shares may appoint one director; and
- the board of directors may appoint additional directors.

### **3.3.5 Winding-up**

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to shareholders. Holders of fully-paid ordinary voting shares rank behind holders of preference shares and ahead of other classes of shares (if any).

### **3.3.6 Restrictions on sale and Transfer under the Corporations Act**

We also draw your specific attention to the fact that any CSF Shares acquired under the Offer must not be on-sold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.

### **3.3.7 Pre-emptive rights on the issue of new shares**

Founders and holders of Seed Preference Shares (Eligible Shareholders) have pre-emptive rights over the issue of new securities by the Company, subject to customary exclusions (such as the issuance of securities under the ESOP). This means that when the Company wishes to issue new securities (which includes shares as well as other securities which are capable of conversion into shares, such as options), the Company must offer those new securities to its Eligible Shareholders first before offering those new securities to other investors and third parties. This allows major shareholders to invest further in the Company and therefore protect themselves against the dilutive effect of the Company issuing new securities.

### **3.3.8 Transfer of shares**

The directors are required to approve any transfer of shares by a shareholder. In order for a transfer of shares to take effect, it must be registered by the directors in the Company's register of members. The directors hold the ability to refuse a registration of a transfer.

If the directors approve a transfer of shares, the founders and holders of Seed Preference Shares have a first right to offer to purchase those shares, before those shares are offered to other investors and third parties (subject to customary exceptions, such as a transfer to an affiliated entity such as a family trust of the original shareholder).

### **3.3.9 Events of Default**

The Company's constitution contains a list of 'events of default'. If an event of default occurs, all rights attached to the relevant shareholder's shares are suspended and the shareholder is required to offer its shares for sale.

The shares are offered for sale at:  
their market value, in cases where the shareholder is not at fault (such as where the shareholder is prohibited from holding shares due to a change in law, or because an insolvency event occurs in respect of that shareholder); or

80% of their market value, in cases where the shareholder is at fault (such as where the shareholder has breached the Company's constitution or attempted to transfer shares in breach of the Company's constitution).

### **3.3.10 Drag Along**

If the Company receives a bona fide offer from a third party to purchase all of the securities in the Company and shareholders holding at least 75% of the shares in the Company accept the offer (including holders of a majority of the Seed Preference Shares), those shareholders may issue a 'drag along notice' to the remaining shareholders requiring each remaining shareholder to sell all of its securities to the buyer on the terms of the drag along notice.

This enables the Company to be sold in circumstances where holders of a large proportion of the Company's shares agree to the offer.

### **3.3.11 Tag Along**

If one or more shareholders are able to sell shares to another party that would total 50% or more of the Company's shares, those shareholders must give each other shareholder written notice and allow the other shareholders an option to procure the securities.

This protects minority shareholders by allowing them to 'tag along' on a sale so that they do not remain in the Company with a controlling shareholder they did not consent to.

### 3.4 What can I do with my Shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include, but are not limited to:

- A trade purchase of the Company
- A listing on a registered stock exchange (eg the ASX)
- A private equity investment in the Company
- A share buy-back by the Company

There is no guarantee that any of the exit options will eventuate.

### 3.5 Early Stage Innovation Company

From 1 July 2016, if you invest in a qualifying early-stage innovation company (ESIC), you may be eligible for tax incentives. The incentives provide eligible investors, who purchase new shares, with:

- a non-refundable carry-forward tax offset equal to 20% of the value of their qualifying investments. This is capped at a maximum tax offset amount of \$200,000 for sophisticated investors and their affiliates and \$50,000 for retail investors and their affiliates.
- a modified capital gains tax (CGT) treatment, under which capital gains made or accrued on qualifying shares that are continuously held for at least 12 months and less than ten years are exempt from CGT. Capital losses made or accrued on shares held less than ten years are also disregarded.

More information about the ESIC regime is available from the ATO website here - <https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/>

Based on an objective self-assessment with the assistance of advisors, the Company has assessed itself and believes that it meets the criteria as a qualifying ESIC for the purposes of this Offer. Investors who purchase new shares in qualifying ESICs may be eligible for certain early-stage tax incentives.

The Company does not warrant or guarantee that it will qualify under relevant rules as an ESIC, and is not able to form a view or give investors tax advice as to whether they are eligible for any tax incentives. Neither the Company nor Birchall Financial Services Pty Ltd takes any responsibility for investors that invest on the assumption that ESIC will apply to them or the Company. We recommend that investors seek independent tax advice about their investment.





### 3.6 Investor rewards

In addition to being a shareholder of Raine, a range of rewards are being offered for investors.

Reward	\$1000+	\$5000+	\$10,000+
Limited Edition Raine T-Shirt	✓	✓	✓
Raine Gloves		✓	✓
Invite to our annual Investor event 'Raineday'			✓



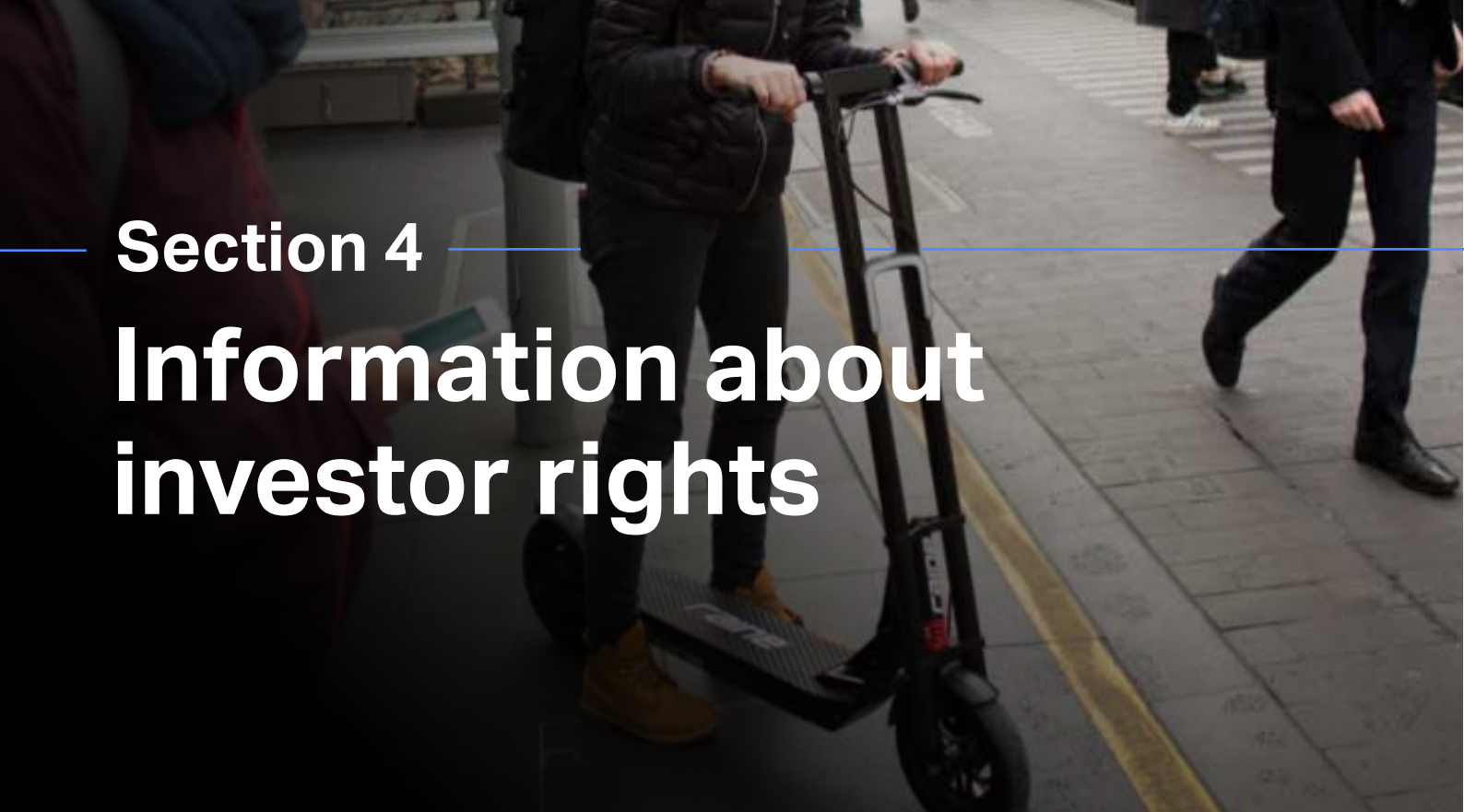
The Limited Edition Raine T-Shirt is provided to all investors for investments of \$1,000 or more. This will be shipped upon the Offer closing in a size of your selection.



The Raine Gloves are provided to all investors for investments of \$5,000 or more. This will be shipped upon the Offer closing in a size of your selection.



On top of the Raine T-Shirt and Raine Gloves, if you invest over \$10,000 you will receive an invite to our annual investor event "Raineday" where you will be able to meet the team, see exclusive new product features, and get access to important updates and special promotions.



## Section 4

# Information about investor rights

### 4.1 Cooling-off rights

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (Cooling-off Period).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

### 4.2 Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

## **4.3 Proprietary company corporate governance obligations**

### **4.3.1 Annual Report**

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year-end). The Company has a 30 June year-end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

### **4.3.2 Related Party Transactions**

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the Company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

### **4.3.3 Takeovers**

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the Company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to the control of the Company.





# Glossary

**Company** means Enova Design Pty Ltd ACN 624 874 951 (Raine)

**Cooling-off Period** means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

**CSF** means crowd-sourced funding under Part 6D.3A of the Corporations Act

**FT** means Full-time employee

**Intermediary** means Birchall Financial Services Pty Ltd AFSL 502618

**IP** means Intellectual Property, patents, trademarks, designs

**Maximum Subscription** means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

**Minimum Subscription** means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

**Offer** means an offer of fully-paid ordinary shares by the Company under this CSF offer document

**Preference Share** means a preference share in the capital of the Company

**PT** means Part-time employee

**Retail investor** has the meaning given to the term "retail client" under the Corporations Act



***raine***

# Thank You

[www.birchal.com/company/raine](http://www.birchal.com/company/raine)

For further enquiries email: [invest@raine.co](mailto:invest@raine.co)